

## *List of Obamacare Tax Hikes*



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It is time to repeal each and every one of Obamacare's tax increases. The 20 Obamacare tax hikes are a \$1 trillion net tax increase on the American people. The full list is below:

**Individual Mandate Non-Compliance Tax:** Anyone not buying “qualifying” health insurance – as defined by the Obama-era Department of Health and Human Services -- must pay an income surtax to the IRS. In 2015, [eight million](#) households paid this tax. Most make less than \$250,000. The Obama administration uses the Orwellian phrase “shared responsibility payment” to describe this tax.

For tax year 2016, the tax is a minimum of \$695 for individuals, while families of four have to pay a minimum of \$2,085.

Households w/ 1 Adult	Households w/ 2 Adults	Households w/ 2 Adults & 2 children
2.5% AGI/\$695	2.5% AGI/\$1390	2.5% AGI/\$2085

A recent [analysis](#) by the Congressional Budget Office (CBO) found that repealing this tax would decrease spending by \$311 billion over ten years.

**Medicine Cabinet Tax on HSAs and FSAs:** Under Obamacare, the 20.2 million Americans with a Health Savings Account and the 30 - 35 million covered by a Flexible Spending Account are no longer able to purchase over-the-counter medicines using these pre-tax account funds. Examples include cold, cough, and flu medicine, menstrual cramp relief medication, allergy medicines, and dozens of other common medicine cabinet health items. This tax costs FSA and HSA users \$6.7 billion over ten years.

**Flexible Spending Account Tax:** The 30 - 35 million Americans who use a pre-tax Flexible Spending Account (FSA) at work to pay for their family's basic medical needs face an Obamacare-imposed cap of \$2,500. This tax will hit Americans \$32 billion over the next ten years.

Before Obamacare, the accounts were unlimited under federal law, though employers were allowed to set a cap. Now, parents looking to sock away extra money to pay for braces find themselves quickly hitting this new cap, meaning they have to pony up some or all of the cost with after-tax dollars. Needless to say, this tax especially impacts middle class families.

There is one group of FSA owners for whom this new cap is particularly cruel and onerous: parents of special needs children. Families with special needs children often use FSAs to pay for special needs education. Tuition rates at special needs schools can run thousands of dollars per year. Under tax rules, FSA dollars can be used to pay for this type of special needs education. This Obamacare tax increase limits the options available to these families.

**Chronic Care Tax:** This income tax increase directly targets middle class Americans with high medical bills. The tax hits 10 million households every year. Before Obamacare, Americans facing high medical expenses were allowed an income tax deduction to the extent that those expenses exceeded 7.5 percent of adjusted gross income (AGI). Obamacare now imposes a threshold of 10 percent of AGI. Therefore, Obamacare not only makes it more difficult to claim this deduction, it widens the net of taxable income. This income tax increase will cost Americans \$40 billion over the next ten years.

According to the [IRS](#), approximately 10 million families took advantage of this tax deduction each year before Obamacare. Almost all were middle class: The average taxpayer claiming this deduction earned just over \$53,000 annually in 2010. ATR estimates that the average income tax increase for the average family claiming this tax benefit is about \$200 - \$400 per year.

**HSA Withdrawal Tax Hike:** This provision increases the tax on non-medical early withdrawals from an HSA from 10 to 20 percent, disadvantaging them relative to IRAs and other tax-advantaged accounts, which remain at 10 percent.

**Ten Percent Excise Tax on Indoor Tanning:** The Obamacare 10 percent tanning tax has wiped out an estimated [10,000](#) tanning salons, many owned by women. This \$800 million Obamacare tax increase was the first to go into effect (July 2010). This petty, burdensome, nanny-state tax affects both the business owner and the end user. Industry estimates show that 30 million Americans visit an indoor tanning facility in a given year, and over 50 percent of salon owners are women. There is no exception granted for those making less than \$250,000 meaning it is yet another tax that violates Obama's "firm pledge" not to raise "any form" of tax on Americans making less than this amount.

**"Cadillac Tax" -- Excise Tax on Comprehensive Health Insurance Plans:** In 2020, a new 40 percent excise tax on employer provided health insurance plans is scheduled to kick in, on plans exceeding \$10,200 for individuals and \$27,500 for families. According to [research](#) by the Kaiser Family Foundation, the Cadillac tax will hit 26 percent of employer provided plans by 2020 and 42 percent of employer provided plans by 2028. Over time, this will decrease care and increase costs for millions of American families across the country.

**Health Insurance Tax:** In addition to mandating the purchase of health insurance through the individual mandate tax, Obamacare directly increases the cost of insurance through the health insurance tax. The tax is projected to cost taxpayers – including those in the middle class – \$130 billion over the next decade.

The total revenue this tax collects is set annually by Treasury and is then divided amongst insurers relative to the premiums they collect each year. While it is directly levied on the industry, the **costs** of the health insurance tax are inevitably passed on to small businesses that provide healthcare to their employees, middle class families through higher premiums, seniors who purchase Medicare advantage coverage, and the poor who rely on Medicaid managed care. According to the American Action Forum, the Obamacare health insurance tax will **increase** premiums by up to \$5,000 over a decade and will **directly impact** 1.7 million small businesses, 11 million households that purchase through the individual insurance market and 23 million households covered through their jobs. The tax is also economically destructive – the National Federation for Independent Businesses **estimates** the tax could cost up to 286,000 in new jobs and cost small businesses \$33 billion in lost sales by 2023.

**Employer Mandate Tax:** This provision forces employers to pay a \$2,000 tax per full time employee if they do not offer “qualifying” – as defined by the government -- health coverage, and at least one employee qualifies for a health tax credit. According to the [Congressional Budget Office](#), the Employer Mandate Tax raises taxes on businesses by \$166.9 billion over the ten years.

**Surtax on Investment Income:** Obamacare created a new, 3.8 percent surtax on investment income earned in households making at least \$250,000 (\$200,000 for singles). This created a new top capital gains tax rate of 23.8% and increased taxes by \$222.8 billion over ten years. The capital gains tax hits income that has already been subjected to individual income taxes and is then reinvested in assets that spur new jobs, higher wages, and increased economic growth. Much of the “gains” associated with the capital gains tax is due to inflation and studies have shown that even supposedly modest increases in the capital gains tax have strong negative economic effects.

**Payroll Tax Hike:** Obamacare imposes an additional 0.9 percent payroll tax on individuals making \$200,000 or couples making more than \$250,000. This tax increase costs Americans \$123 billion over ten years.

**Tax on Medical Device Manufacturers:** This law imposes a new 2.3% excise tax on all sales of medical devices. The tax applies even if the company has no profits in a given year. The tax was recently paused for tax years 2016 and 2017. It will cost Americans \$20 billion by 2025.

**Tax on Prescription Medicine:** Obamacare imposed a tax on the producers of prescription medicine based on relative share of sales. This is a \$29.6 billion tax hike over the next ten years.

**Codification of the “economic substance doctrine”:** This provision allows the IRS to disallow completely legal tax deductions and other legal tax-minimizing plans just because the IRS deems that the action lacks “substance” and is merely intended to reduce taxes owed. This costs taxpayers \$5.8 billion over ten years.

**Elimination of Deduction for Retiree Prescription Drug Coverage:** The elimination of this deduction is a \$1.8 billion tax hike over ten years.

**\$500,000 Annual Executive Compensation Limit for Health Insurance Executives:** This deduction limitation is a \$600 million tax hike over ten years.

Read more: <http://www.atr.org/list-obamacare-tax-hikes#ixzz4bJvnMxBx>

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